Please check the examination details below before entering your candidate information

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Centre Number

Learner Registration Number

Pearson BTEC Tech Award

Additional sample assessment materials for first teaching September 2022

Time 2 hours

Paper reference **BEN03**

Enterprise

COMPONENT 3: Marketing and Finance for Enterprise

You must have:
Calculator

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and learner registration number.
- Answer **all** questions.
- Answer the questions in the spaces provided
  – *there may be more space than you need.*

Information

- The total mark for this paper is 60.
- The marks for **each** question are shown in brackets
  – *use this as a guide as to how much time to spend on each question.*

Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ▶

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Answer ALL questions. Write your answers in the spaces provided.

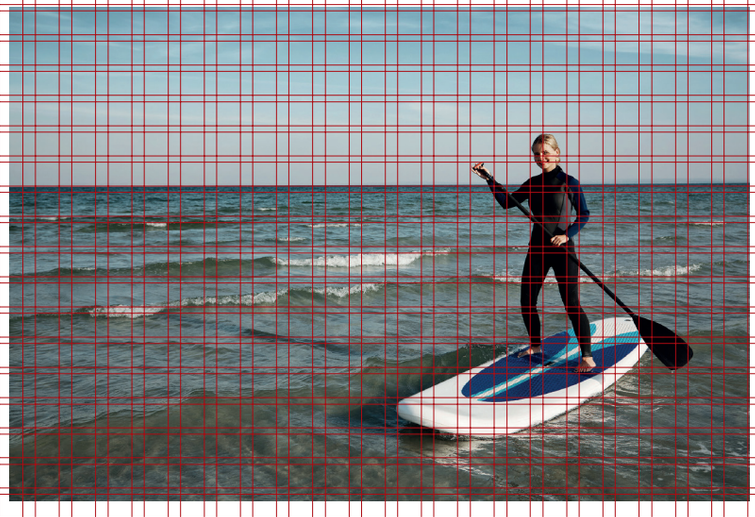
The questions in this paper are based on the following scenario.

Scenario

AC Paddleboarding

AC Paddleboarding is a micro-enterprise owned by Azem and run with a small team of instructors. It offers outdoor stand-up paddleboarding (SUP) sessions and sells SUP equipment.

SUP participants stand on an inflatable board and use a canoe-style paddle to move through the water.



The sport is accessible to all age groups and is easily adapted to suit those with disabilities.

AC Paddleboarding operates in a competitive and growing market. It operates all year round although some months have very few sales.

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Before starting *AC Paddleboarding*, Azem completed a cash flow forecast and a break-even analysis for stand-up paddleboarding (SUP) sessions.

Figure 1 shows the break-even chart.

Break-even chart for SUP sessions

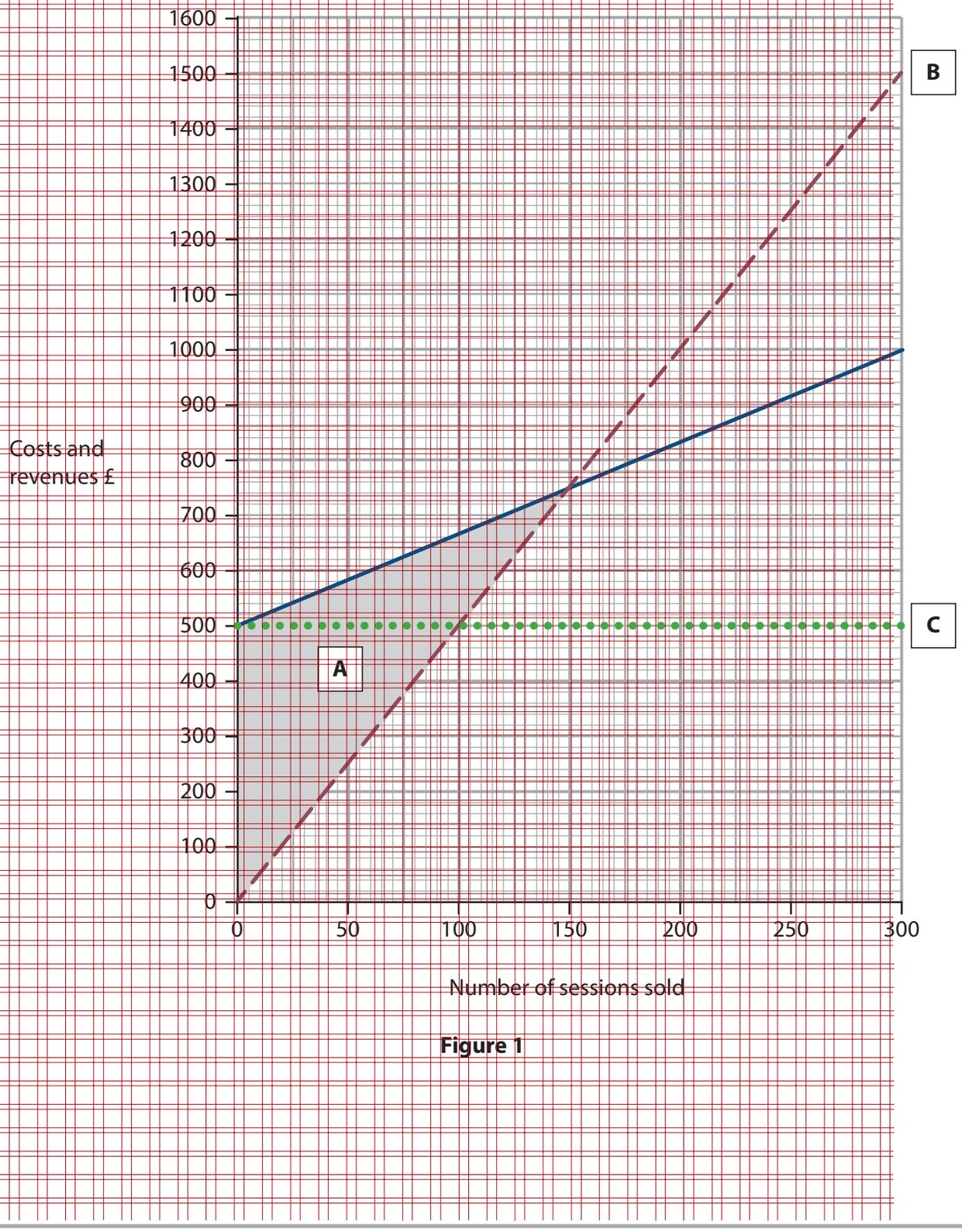

Figure 1

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1 (a) Using the data in Figure 1:

(i) Give the name of the shaded area labelled A.

(1)

(ii) Give the name of the line labelled B.

(1)

(iii) Give the name of the line labelled C.

(1)

(iv) Identify the number of sessions needed to break even.

(1)

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Azem used both internal finance and a bank loan to pay for the start-up costs of *AC Paddleboarding*.

(b) Give **two** internal sources of finance available to an enterprise when starting up.

(2)

1 .....

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2 .....

.....

(c) Give **two** markets that enterprises trade in.

(2)

1 .....

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2 .....

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(Total for Question 1 = 8 marks)

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Customer credit note

- 1 × inflatable stand-up paddleboard (SUP) @ £115.00
- 2 × lightweight SUP paddle sets @ £25.25 each

The last credit note number was 6622.

Figure 2

2 (a) Complete the credit note using the information given in Figure 2.

CREDIT NOTE

AC Paddleboarding
Harbourside, Eastend-on-Sea
ES1 3BQ tel: 0774952281

Date: 1 September

Credit note number ..... (1)

Customer name and address: Jan Britton
32 Orchard Close, Pengam, PC82 1FG

Qty	Description	Unit price £	Unit price p	Amount refunded £	Amount refunded p	
1	Inflatable SUP	115	00	115	00	
2	Lightweight SUP paddle sets	25	25	.....	.....	(1)
Reason for credit:			**Goods total**	.....	.....	(1)
Wrong items delivered			**VAT @ 20%**	.....	.....	(1)
			Total credit	.....	.....	(1)

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AC Paddleboarding uses a premium pricing strategy when selling its products.

(b) Explain **one** disadvantage for an enterprise of using a premium pricing strategy when selling its products.

(2)

AC Paddleboarding sells its SUP equipment online.

(c) Explain **one** disadvantage for an enterprise of trading online.

(2)

(Total for Question 2 = 9 marks)

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3 (a) Complete the balance sheet (statement of financial position) for *AC Paddleboarding*.

Balance sheet (statement of financial position) for *AC Paddleboarding*
as at 1 September

	£	£	
Fixed (non-current) assets			
Van	10 000		
Paddleboarding equipment	8 000		
		.....	**(1)**
Current assets			
Inventory	4 000		
Trade receivables	2 000		
Cash and cash equivalents	5 000		
		.....	**(1)**
Current liabilities			
Trade payables	1 250		
Working capital (net current assets)		.....	**(1)**
Long-term (non-current) liabilities			
Bank loan	10 000		
Net assets		.....	**(1)**
Equity and reserves			
Owner's equity	9 700		
Profit for the year	23 050		
Drawings by owner	15 000		
Total equity		.....	**(1)**

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AC Paddleboarding operates from a rented location at the harbour.

The owner of the harbour is increasing the rental payments.

(b) Explain **one** impact on an enterprise of an increase in rental payments.

(2)

Azem pays the monthly bills using a debit card.

(c) Explain **one** advantage for an enterprise of using a debit card to pay its monthly bills.

(2)

(Total for Question 3 = 9 marks)

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AC Paddleboarding sells paddleboarding equipment directly to online customers.

Figure 3 shows a forecast profit and loss account (statement of comprehensive income) for these sales.

Extract from forecast profit and loss account for paddleboarding equipment for the coming year	
	£
Estimated sales revenue	20 800
Estimated gross profit	5 200

Figure 3

4 (a) Using the information in Figure 3, calculate the cost of sales for the paddleboarding equipment.

(2)

Show your workings.

Cost of sales £.....

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As part of *AC Paddleboarding*'s marketing activities, Azem uses behavioural segmentation.

(b) Explain **one** advantage for an enterprise of studying the behavioural characteristics of its customers.

(2)

Azem is planning a sales promotion to try to increase brand awareness for *AC Paddleboarding*.

(c) Explain **two other** advantages for an enterprise of using sales promotion.

(4)

1

2

(Total for Question 4 = 8 marks)

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Azem wants to offer birthday parties for groups of up to 20 people. This would give the enterprise a USP. The parties would suit people of all abilities over the age of eight years.

The birthday parties would include activities such as learning how to paddle a SUP and playing water games.

Azem relies on word-of-mouth advertising to promote *AC Paddleboarding*.

5 Discuss the possible impacts on *AC Paddleboarding* of offering birthday parties.

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(Total for Question 5 = 6 marks)

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Azem wants to increase the amount of marketing activities *AC Paddleboarding* does.

They have made two business decisions:

- to create some above the line (ATL) promotion
- to help to pay for a local community fundraising event.

6 (a) (i) Give **one** example of above the line promotion that an enterprise could use.

(1)

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(ii) Explain **one** advantage for an enterprise of helping to pay for a local community fundraising event.

(2)

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Figure 4 shows the budgeted and actual expenditure and revenue figures for *AC Paddleboarding* for July.

(b) Complete the budget in Figure 4 by calculating the variances for July.

Show your answers using + for favourable or – for adverse.

	July Budget £	July Actual £	July Variance £ + or –	
Labour	600	750	–150	
Promotion	125	110		(1)
Materials	155	180		(1)
Sales revenue	2 000	2 300		(1)

Figure 4

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Azem may be able to get a government grant to help fund *AC Paddleboarding*.

6 (c) Explain **two** disadvantages for an enterprise of a government grant.

(4)

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(Total for Question 6 = 10 marks)

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AC Paddleboarding wants to accept contactless payments for its paddleboarding sessions and refuse any other form of payment.

7 (a) Explain **two** disadvantages for an enterprise of accepting only contactless payments.

(4)

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AC Paddleboarding has cash flow problems.

To solve these problems Azem wants to increase the revenue of the enterprise.

They have decided to choose between two options:

- create a snack bar with seating area
- offer free home delivery on all paddleboarding equipment purchased from the website.

(b) Evaluate which of the two options would be best to increase the revenue for *AC Paddleboarding*.

(6)

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(Total for Question 7 = 10 marks)

TOTAL FOR PAPER = 60 MARKS

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